CMC Markets Investments Ltd

Annual MIFIDPRU Disclosures

31st March 2026

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1. Overview

1.1. Introduction

This document is prepared in accordance with the requirements set out in Chapter 8 of the Financial Conduct Authority's ('FCA') Prudential Source Book for MiFID Investment Firms ("MIFIDPRU"). Quantitative disclosures are made as at 31st March 2026.

1.2. Frequency and scope of disclosures

The disclosures in this document are made in respect of CMC Markets Investments Ltd ('the Firm'). In accordance with MIFIDPRU 8.1.7R disclosures are made on an individual basis.

In accordance with MIFIDPRU 8.1.10R and 8.1.13R this report is published on an annual basis on the CMC Group ('CMC') website on the date that the Firm publishes its annual financial statements.

2. Risk management objectives and policies

2.1. Enterprise Risk Management

The Firm's risks and the associated risk appetite, KRIs and controls are assessed, monitored and managed in accordance with the CMC Group's Enterprise Risk Management Framework ('ERMF') which covers all entities within the Group.

The Board, through the Group Risk Committee, is responsible for defining and overseeing the Group's risk strategy. Key responsibilities include:

- Identifying, evaluating and monitoring the principal and emerging risks;
- Implementing the Board-approved risk appetite to support strategic objectives; and
- Establishing and maintaining governance structures, policies, systems and controls to ensure operations remain within the defined risk appetite.

The Group regularly reviews the ERMF and risk resources to ensure they remain effective to support the achievement of the Group's strategic objectives and in line with market practices and regulatory expectations.

Risk management is a core responsibility of all colleagues, with oversight provided by Management and Board Committees, as well as the Group Risk and Compliance functions.

2.1.1. Three Lines of Defence Model

The ERMF follows the three lines of defence model, ensuring clear risk ownership and accountability:

1. First Line: Business teams manage and implement controls.
2. Second Line: Group Risk and Compliance provide oversight and guidance.
3. Third Line: Internal Audit provides independent assurance.

CMC fosters a risk culture that emphasises accountability and proactive risk management. Responsibility for managing risk sits with everyone across the Group.

The second line of defence, led by the Risk Team, plays a key role in embedding this culture. Their responsibilities include communicating, educating and providing guidance on the ERMF, and overseeing the Risk and Control Assessment ('RACA') process, which forms the foundation of our bottom-up risk assessment.

The RACA process supports a comprehensive understanding of risks and controls at the operational and business process level. By enabling regular self-review of risks and controls, as well as the oversight and escalation of issues where necessary, it allows risk and control owners to identify any gaps in the risk environment and address control weaknesses.

2.1.2. Risk Appetite

The Group's risk appetite defines the level and types of risks the Group is willing to accept in pursuit of its strategic objectives. This is assessed within the ERMF with regard to identified principal risks and is collated in the Risk Appetite Statement. Risk appetite is fundamental to effective risk, capital and liquidity management, ensuring appropriate risk control and positive client outcomes.

The Board conducts an annual assessment of emerging and principal risks, evaluating their potential impact on the Group's business model, performance, capital and liquidity. These risks are monitored through key risk indicators (KRIs) and are linked to the Group risk appetite. The Group also considers reputational and regulatory implications, client impact and broader market effects.

2.2. Principal Risks

Given the nature of the Firm's business and the financial, market and regulatory environments in which it operates, the Firm is naturally exposed to strategic, financial and operational risks. While it is not possible to eliminate all risks, effective risk management ensures they are managed to an acceptable level.

The Firm's principal risks together with the approved risk appetite and key mitigations and controls are outlined in the following sections.

2.2.1. Business and Strategic Risks

Strategic risk	
Risk description The potential threat the Firm could face that could affect its ability to perform and execute its business strategy. It includes risks that can result from decisions made by the board of directors concerning the products or the services the Firm provides. **Risk appetite** The Firm has moderate appetite for new strategic initiatives which support business growth strategy across products and regions and aligns to our 3 core strategic pillars. The Firm has no appetite for failure to manage brand or reputation issues that can result in client turnover or financial losses.	**Key mitigations and controls** – Governance & Oversight – Strong challenge and oversight from independent Non-Executive Directors. – Strategic Alignment – Ensuring all significant initiatives align with the corporate strategy. – Risk Assessment – Evaluating risks associated with strategic initiatives before execution. – Accountability & Ownership – Assigning clear responsibility for delivery and risk mitigation. – Product & Initiative Governance – Requiring Board approval for all material products and strategic initiatives. These measures ensure a structured approach to strategic decision-making and risk management.

2.2.2. Financial Risks

Market Risk	
Risk description In relation to the Firm, market risk is defined as the risk that interest rate risk arises from less interest being earned on interest bearing assets due to a change in the relevant floating rate. **Risk appetite** The Firm has medium appetite for market risk.	**Key mitigations and controls** The Firm minimises market risk by minimising mismatches between the maturity of interest-bearing assets and liabilities such that the effect of any changes in interest rates

Liquidity Risk	
Risk description The risk that the Firm has insufficient liquidity to meet its financial obligations as they fall due or can only secure required liquidity at excessive cost. **Risk appetite** The Firm has no appetite for liquidity to act as a constraint on our ongoing business operations	**Key mitigations and controls** – Liquidity Modelling & Stress Testing – Regular forward-looking liquidity forecasting to ensure obligations can be met. – High-Quality Liquid Assets & Funding Diversification – Maintaining unencumbered, high-quality liquid assets and diversified funding sources across the Group which may be made available to the Firm as required. – Contingency Planning – Inclusion of the Firm in the Group's contingency funding plan which identifies liquidity risk indicators, risk appetite thresholds, and contingent funding sources and actions.

Capital and Solvency Risk	
Risk description The risk that the Firm does not maintain sufficient capital to meet its regulatory capital requirements, absorb financial shocks or support business growth. **Risk appetite** The Firm has no appetite for breaching regulatory capital requirements.	**Key mitigations and controls** – Capital Monitoring, Planning & Forecasting – The Firm actively monitors capital adequacy against regulatory minimums and internal risk appetite on an actual and forecast basis. – Regulatory Compliance – Maintaining capital levels above regulatory minima and engaging proactively with regulators on capital requirements. – Robust Governance – Ongoing monitoring by senior management and the Board to ensure capital strength and strategic alignment. – Group support – The Firm has received confirmation from its ultimate parent that financial support will be provided.

2.2.3. Operational Risks

Financial Crime	
Risk description The risk of money laundering, terrorist financing, sanctions violations, bribery and corruption, and failures in Know Your Customer (KYC) procedures, which could lead to regulatory penalties, financial losses or reputational damage. **Risk appetite** The Firm has no appetite for unethical behaviours or actions that may expose it to reputational damage or sanctions caused by financial crime.	**Key mitigations and controls** – Risk-Based KYC & Due Diligence – Applying rigorous KYC and due diligence procedures – Suspicious Activity Reporting – Enhancing procedures for detecting and reporting suspicious activity to law enforcement and regulators. – Market Abuse Prevention – Strengthening controls to mitigate risks from repeat offenders of market abuse. – Sanctions & Restrictions Management – Maintaining a restricted list of individuals and entities, with systems to block transactions that breach regulatory guidelines. – Risk Classification – Classifying customers and entities at onboarding to assess financial crime risks effectively.

Information Security and Technology Risk	
Risk description The risk of information security incidents, including the loss, theft, misuse of or unauthorised access to data/information. **Risk appetite** We have a very low appetite for Information security and data breaches, and we have no appetite for loss of personal data that can cause significant harm to the parties involved and require regulatory reporting.	**Key mitigations and controls** – Data Security & Access Controls – Enforcing least privileged access, regular system access reviews, and data classification to protect sensitive information. Physical security measures prevent unauthorised access to buildings and sensitive areas. – Technology Resilience & Monitoring – Investing in a robust technology stack, systemic monitoring tools to detect downtime or performance issues and maintaining scalable infrastructure to accommodate growth and fluctuations. – System Stability & Incident Response – Ensuring 24/5 IT production support, proactive system capacity planning and contingency measures to prevent and remediate failures.

Compliance Risk	
Risk description The risk of failing to comply with legal and regulatory obligations, which could result in financial penalties, reputational damage, or operational restrictions, including obligations under the consumer duty. **Risk appetite** The Firm has very low appetite for risks in relation to compliance with regulations and legislations. We have no appetite for material breaches of regulation.	**Key mitigations and controls** – Risk-Based Regulatory Interpretation – Applying a proportionate, risk-based approach to interpreting and implementing regulatory requirements. – Resourcing & Expertise – Ensuring compliance teams are adequately staffed, trained, and supervised, with a specific focus on Consumer Duty and customer outcomes. – Regulatory Horizon Scanning – Monitoring and assessing new regulations and legislation to evaluate business impact. – Regional Compliance Oversight – Conducting thorough regulatory analysis to ensure adherence across jurisdictions, particularly for new initiatives. – Advisory & Monitoring Frameworks – Providing technical guidance to the business, alongside comprehensive monitoring, surveillance, and policy enforcement. – Regulatory Engagement – Maintaining strong relationships with regulators and proactively planning for regulatory changes, including engagement on Consumer Duty expectations and compliance standards.

Operational Risk (residual / overarching)	
Risk description The risk of financial loss, business disruption, or reputational damage due to inadequate or failed processes, systems, people, or external events. **Risk appetite** The Firm has a low risk appetite for operational failures that could cause material financial, reputational, or regulatory impact.	**Key mitigations and controls** – Process & System Controls – Automating key processes, optimising workflows, and implementing robust IT security measures. – Incident & Risk Management – A structured incident response framework, continuous monitoring, and risk escalation procedures. – Regulatory Compliance – Regular audits, internal control reviews, and staff training to reinforce risk awareness. – Governance & Oversight – Active risk management by senior leadership and Board committees to ensure resilience and accountability.

3. Governance

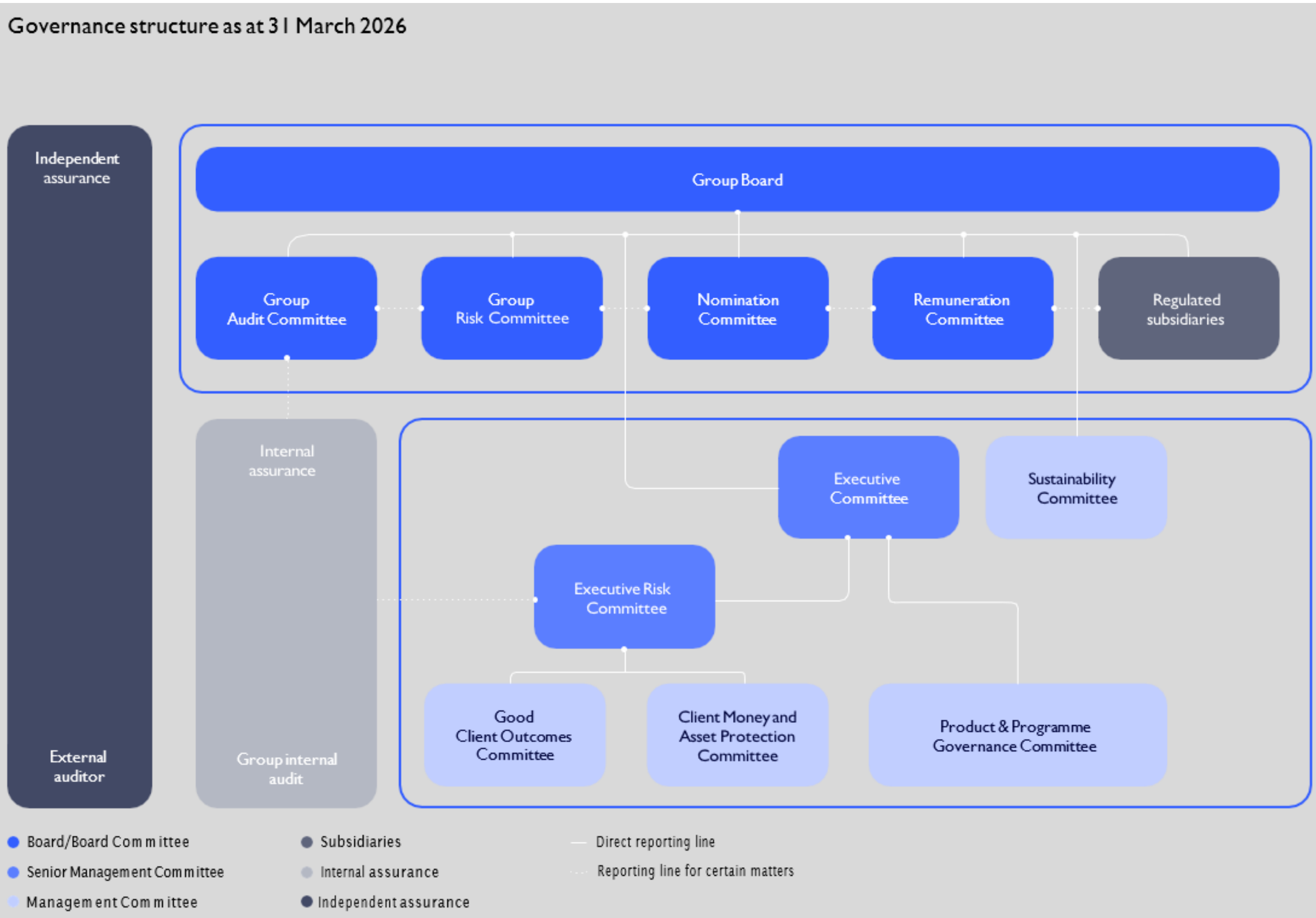
3.1. Inclusion within Group governance and monitoring arrangements

The Firm does not meet the criteria set out MIFIDPRU 7.1.4R and accordingly is not required to meet the requirements relating to risk, remuneration and nominations committees set out in MIFIDPRU 7.3.

However, by virtue of its membership of the wider CMC Group, the Group committees (risk, remuneration and nomination as well as audit) will consider issues within their scope at both the level of the Group and the Firm. The Firm also benefits from the Group's granular control environment and functions. The Firm's Board believe that this structure overseen by the Group's and Firm's Boards ensures effective and prudent management of the Firm, including the segregation of duties in the Firm and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

3.2. Group governance structure

The CMC Group's governance structure is set out below:



3.3. Management Accountability

The Firm's Board takes overall responsibility for the Firm and:

- Approves and oversees implementation of the Firm's strategic objectives, risk strategy & internal governance;
- Ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system;

- Oversees the process of disclosure and communications;
- Has responsibility for providing effective oversight of senior management;
- Monitors and periodically assesses:
    - The adequacy and the implementation of the Firm's strategic objectives in the provision of investment services and / or activities and ancillary services;
    - The effectiveness of the Firm's governance arrangements;
    - The adequacy of the policies relating to the provision of services to clients, and takes appropriate steps to address any deficiencies; and
- Has adequate access to information and documents which are needed to oversee and monitor management decision-making.

The Firm ensures that the members of the management body of the Firm meet the requirements of SYSC 4.3A.3R. The Firm is subject to the Senior Managers and Certification Regime ('SMCR') and members of the management body hold Senior Management Function ('SMF') status. The Firm has undertaken the necessary fitness and propriety test associated with the SMCR (alongside additional referencing processes) to ensure each member:

- Is of sufficiently good repute;
- Possesses sufficient knowledge, skills and experience to perform their duties;
- Possesses adequate collective knowledge, skills and experience to understand the firm's activities, including the main risks;
- Reflects an adequately broad range of experiences;
- Commits sufficient time to perform their functions in the Firm; and
- Acts with honesty, integrity and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor management decision-making.

3.4. Board of Directors

The Board has overall responsibility for the Firm's affairs.

The Directors of CMC Markets Investments Ltd who were in office during the financial year and up to the publication of this document were:

- Lord Peter Cruddas
- David Fineberg
- Laurence Booth
- Jonathan Bendall

3.5. Number of Directorships

The number of Executive and non-Executive directorships held by the Directors at the year ended 31 March 2026 were as follows:

Director	Number of Executive Directorships	Number of Non-Executive Directorships
Lord Peter Cruddas	2	0
David Fineberg	1	0
Laurence Booth	1	0
Jonathan Bendall	1	0

The following are out of scope for this analysis [MIFIDPRU 8.3.2 R]:

- Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and

- Executive and non-executive directorships held within the Group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding.

3.6. Summary of Diversity Policy

The Firm does not have any employees and given the relatively small number of directors has not implemented its own diversity policy. The Firm is included in the Group diversity policy, details of which are set out in the Group Annual Report and Accounts.

4. Own Funds

The Firm has not issued any Additional Tier 1 or Tier 2 instruments and accordingly its own funds consist only of Common Equity Tier 1 ('CET1') which comprises share capital and retained earnings. No deductions are made from these items when determining CET1.

The composition of own funds is illustrated in Table 1 below with Table 2 demonstrating how this aligns to the balance sheet in the audited financial statements. Table 3 discloses the main features of the own funds instruments issued by the Firm. Only relevant headings are shown in these tables.

Table 1: Composition of regulatory own funds

31 March 2026	Item	Amount (£ '000)	Source[1]
1	**Own Funds**	**2,913**	
2	**Tier 1 Capital**	**2,913**	
3	**Common Equity Tier 1 Capital**	**2,913**	
4	Fully Paid-Up Capital Instruments	20,000	13
6	Retained Earnings	(17,087)	

Table 2: Reconciliation of regulatory own funds to the balance sheet in the audited financial statements

31 March 2026		Balance sheet per audited financial statements (£'000)	Cross-Reference to Table 1
Breakdown by asset classes according to the balance sheet in the audited financial statements			
Non-Current Assets			
1	Investments in Subsidiaries	1	
Current Assets			
2	Trade & Other Receivables	291	
3	Cash & Cash Equivalents	9,570	
	Total Assets	**9,862**	
Breakdown by liability classes according to the balance sheet in the audited financial statements			
Current Liabilities			
1	Trade & Other Payables	6,948	
	Total Liabilities	**6,948**	
Net Assets		**2,913**	
Shareholders' Equity			
1	Ordinary Share Capital	20,000	4
2	Retained Earnings	(17,087)	6
Total Shareholders' Equity		**2,913**	

[1] Based on reference numbers of the Balance Sheet in the audited Financial Statements

Table 3: Main features of own funds instruments issued by the firm

Cross Reference to Table 1	Item from the audited financial statements	Features of own funds instrument
4	Ordinary Share Capital	Instrument type: Ordinary share capital Amount recognised in regulatory capital: £20,000k Nominal amount of instrument: £1 Accounting classification: Ordinary Share Capital

5. Own Funds Requirements

5.1. Own Funds Requirements

In accordance with MIFIDPRU 4.3.2R the Firm is required to hold own funds in excess of the greater of its K-Factor requirement, Fixed Overhead Requirement ('FOR') and Permanent Minimum Requirement ('PMR'). These amounts are set out in table 4.

Table 4: Own Funds Requirements

Requirement as at 31 March 2026	Total (£ '000)
Sum of K-AUM + K-CMH + K-ASA	1,078
Sum of K-COH + K-DTF	1
Sum of K-NPR + K-CMG + K-TCD + K-CON	128
FOR	1,189
Own Funds Requirement ('OFR')	**1,207**

5.2. Adequacy of Own Funds

In accordance with the Overall Financial Adequacy Rule ('OFAR') as set out at MIFIDPRU 7.4.7R a firm must at all times hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- the Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- the Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The K-factors and the FOR are the starting point to assess the amount of own funds required to sustain ongoing operations and support an orderly wind down respectively.

As part of the Internal Capital Adequacy and Risk Assessment ('ICARA') process (which is conducted at the Group level), the Firm may determine that additional own funds are required to cover those risks that are insufficiently covered by the K-factor requirement or the FOR. This assessment considers both the Firm's financial resource requirements arising from its ongoing activities as well as those which would be required to facilitate an orderly wind-down. The latter are determined as part of the Firm's wind-down plan which documents the annual assessment of the steps, resources and governance processes required in the event the Firm were required to commence an orderly wind down.

The own funds threshold requirement ('OFTR') is calculated as the higher of the OFR and the ICARA own funds assessment and represents the amount of own funds that the firm needs to hold at any given time to comply with the OFAR.

6. Remuneration

There were no employees during the year. Accordingly no disclosures in relation to remuneration are provided.

7. Investment Policy

In accordance with MIFIDPRU 8.7.1R an investment firm is only required to make disclosures regarding its investment policy where the conditions in MIFIDPRU 7.1.4R have been met. As the Firm has not met these criteria no disclosures have been prepared.